

1     **VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY**  
2                     **REVITALIZATION COMMISSION**

3                     701 East Franklin Street, Suite 501  
4                     Richmond, Virginia 23219

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9                     Education Committee Meeting  
10                    Wednesday, May 18, 2011  
11                    1:00 p.m.

12  
13                    The Inn at Virginia Tech and Skelton Conference Center  
14                    Blacksburg, Virginia

1    **APPEARANCES**

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3    The Honorable Frank M. Ruff, Chairman

4    Ms. Linda P. DiYorio, Vice Chairman

5    Ms. Gayle F. Barts

6    The Honorable Joseph P. Johnson, Jr.

7    The Honorable Donald Merricks

8    The Honorable Harrison A. Moody

9    The Honorable Phillip P. Puckett (*via telephone*)

10   Mr. Kenneth O. Reynolds

11   Ms. Cindy M. Thomas

12   The Honorable Thomas C. Wright, Jr.

13

14   **COMMISSION STAFF**

15   Mr. Neal Noyes, Executive Director

16   Mr. Ned Stephenson, Deputy Executive Director

17   Mr. Timothy J. Pfohl, Grants Program Administration Manager

18   Ms. Stephanie S. Kim, Director of Finance

19   Ms. Stephanie S. Allman, Program Administrator

20   Ms. Sara G. Williams, Grants Coordinator, Southwest Virginia

21

22   **COUNSEL FOR THE COMMISSION**

23   Mr. Francis N. Ferguson, Esquire

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1 May 18, 2011

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4 SENATOR RUFF: Good afternoon, thank you  
5 all for coming and I'll ask Neal to call the roll.

6 MR. NOYES: Ms. Barts?

7 MS. BARTS: Here.

8 MR. NOYES: Ms. DiYorio?

9 MS. DIYORIO: Yes.

10 MR. NOYES: Mr. Hamlet?

11 MR. HAMLET: (No response).

12 MR. NOYES: Mr. Harwood?

13 MR. HARWOOD: (No response).

14 MR. NOYES: Delegate Johnson?

15 DELEGATE JOHNSON: Here.

16 MR. NOYES: Delegate Merricks?

17 DELEGATE MERRICKS: Here.

18 MR. NOYES: Mr. Moody?

19 MR. MOODY: Here.

20 MR. NOYES: Senator Puckett?

21 SENATOR PUCKETT: Here.

22 MR. NOYES: Mr. Reynolds?

23 MR. REYNOLDS: Here.

24 MR. NOYES: Senator Ruff?

25 SENATOR RUFF: Here.

1 MR. NOYES: Ms. Thomas?

2 MS. THOMAS: Here.

3 MR. NOYES: Delegate Wright?

4 DELEGATE WRIGHT: Here.

5 MR. NOYES: We have a quorum Mr.  
6 Chairman.

7 SENATOR RUFF: Now we need to approve the  
8 minutes from October 28, 2010. All right, it's been moved and  
9 seconded. All those in favor say aye. (Ayes). Opposed. (No  
10 response). The minutes are approved. Are you going to lead  
11 off Stephanie?

12 MS. ALLMAN: Yes, thank you. I just wanted  
13 to inform you that we now have online applications available  
14 now and we're going to use them this round. It's on the front  
15 page of the Commission's website in the right hand corner.  
16 The online applications will be a benefit. I think it will be  
17 easier to use and also upload documents. You'll have access  
18 through the internet. It's really easier to use. If anyone has  
19 any problems, just give me a call. Thank you.

20 SENATOR RUFF: I'm now going to introduce a  
21 friend of mine who's an administrator at Virginia Tech, Barry  
22 Simmons and then we'll move to the forgivable loan program.  
23 I'll turn it over to you.

24 MR. SIMMONS: Thank you Senator Ruff and  
25 thank you for inviting us to appear before the Commission and

1 I want to thank you for the opportunity to chat with you this  
2 afternoon about the College Access Programs. We're going to  
3 have some definitions as we go along here and I want you to  
4 think a little bit about what you think the College Access  
5 Program is. Then as we get into some definitions, you'll have  
6 an understanding of what it is and what it is not.

7 Specifically unity based college access  
8 program. We encourage our folks in our communities and all  
9 those in the service area about continuing your education  
10 beyond high school. I have with me a colleague, Mr. Keith D.  
11 Roots from the University of Virginia and he will be  
12 participating in the presentation today.

13 We're representing the Virginia College Access  
14 Network. That's an organization that provides services such  
15 as involvement with statewide access studies and that's our  
16 roadmap and we'll talk a little bit about our area of need.  
17 There's a significant area of need within the Commission  
18 service area for access services. We're talking about building  
19 an access organization, a tool kit and we got samples of a tool  
20 kit on the table and we'll get into that a little later. So areas  
21 that have already been contacted and quite frankly, we're  
22 having a little bit of an issue getting people excited about this  
23 and that's one of the, things we would like to seek the  
24 Commission's assistance in. We'll also talk about future  
25 opportunities in Virginia.

1                   SENATOR RUFF: Senator Puckett, can you  
2 hear us?

3                   SENATOR PUCKETT: Yes.

4                   MR. SIMMONS: All right, what about the  
5 Virginia College Access Network. We provide different things  
6 but specifically we are very interested in advocacy and  
7 providing leadership and support for Virginia College Access  
8 Organization. We can do this by providing professional  
9 development opportunities and networking for access groups  
10 and helping students prepare for their education after high  
11 school. That preparation can be making sure that they take  
12 the right curriculum and get into the college major of their  
13 choice; it can be a lot of different things. We also hope to  
14 educate community and government leaders about access  
15 issues and the challenges that we have. We want to provide  
16 training to the access providers and primary and secondary  
17 school counselors as well as community based foundations.

18                   We are relatively a newcomer here to the scene  
19 in the Commonwealth and College Access is nationwide.  
20 Beginning in 2003 the State Council on Higher Education and  
21 Virginia Association of School Administrators and the  
22 Educational Credit Management Corporation which was the  
23 designated lender for higher education loans in Virginia and  
24 they all got together and funded an Access conference to see  
25 what the interest of the College Access Program was in the

1 Commonwealth. We brought everybody together in Richmond  
2 and had a good meeting. We had the national head, CEO of  
3 the National College Access Network and another relatively  
4 new organization come and speak to us. We wanted to look  
5 into whether there were any initiatives going on and what was  
6 going on in the state and how to cooperate. We had more than  
7 100 access providers there and we had workshops in many  
8 different things about Access. The outcome of this summit  
9 was somewhat obvious in that there was a desire to create a  
10 statewide Access organization. We organized a committee and  
11 worked on that for some time. We finally became official. The  
12 Commonwealth College Access Network in July of 2006. At  
13 that time the Jack Kent Cooke Foundation was working on  
14 Access efforts within the Commonwealth of Virginia. They  
15 came up with the name of Virginia CAN and they were holding  
16 it for themselves in their efforts. After some time, they realized  
17 that the Commonwealth College Access Network was the more  
18 corporate vehicle for that and they signed the Virginia CAN  
19 domain over to us and that's the reason for the name change.  
20 Same organization just started over with the name. We  
21 selected officers in December. We've been ongoing ever since.  
22 We do provide services such as an annual conference that has  
23 grown each year and I think this year we got over 275  
24 statewide at our conference this year down in Hampton. There  
25 are a lot of networking opportunities available, we do

1 advocacy, what we're doing right here today, we have a website  
2 with many resources on it and we also provide technical  
3 advice to community based organizations and state based  
4 organizations on Access issues as well as building  
5 partnerships.

6                   One of the partnerships that we built was with  
7 the State Council of Higher Education, sort of as a result of a  
8 study that showed the original design and I have copies if  
9 anybody wants them. We have some paper copies but they're  
10 on the website too. This study involved the College of William  
11 and Mary Post Doctoral and Virginia Tech and I worked on  
12 that. That involved Doctoral work at Virginia Tech and the  
13 College of William and Mary and now Western Carolina. There  
14 was an advisory committee as part of that as well as our  
15 former chief executive officer of Virginia CAN also on the  
16 advisory committee.

17                   This came about through a grant from the  
18 federal government to look at Access throughout the nation,  
19 specifically within Virginia. It was a very rigorous program  
20 with summary search question which is; what is the  
21 appropriate definition of College Access in Virginia; what types  
22 of College Access providers provide work in Virginia; who are  
23 the Access providers working in Virginia and where in terms of  
24 geographic distribution are the Access providers' organizations  
25 in Virginia? One of the interesting things about this study and



1 we were looking at the original design. We looked at the  
2 literature and looked through the National College Access  
3 Network and no study like this had been done before. We  
4 were breaking some ground here. Then what services and  
5 activities are the Access providers involved in. Then we  
6 wanted to do some evaluation on that. This is where the  
7 Commission will become interested I believe. Where are the  
8 most significant College Access needs in Virginia, what is the  
9 geographical distribution of the most significant Access needs  
10 in Virginia. How do College Access resources and College  
11 Access needs in Virginia align, where are the areas of unmet  
12 need, of challenge and of success? What can we learn about  
13 the challenges, obstacles and victories of current Access  
14 providers that may help inform and direct support for current  
15 and future Access provider activities in the Commonwealth.

16 So, we looked around and there is some  
17 literature on it and that comes down to what we want College  
18 Access or what it was. So the author of this paper came up  
19 with College Access and Access providers any organization  
20 through which an individual gains the knowledge, skills or  
21 support necessary for college aspiration, qualification,  
22 application and enrollment. Since this was written in late  
23 2009, we see in the national literature now more and more the  
24 word used is success, not only in enrollment but success and  
25 degree completion.

1                   We've identified five provider types, community  
2 based which is what we've talked about here, state or higher  
3 education directed organizations, school based providers,  
4 micro providers including a variety of things like churches and  
5 clubs as well as relationship based providers like parents and  
6 family and peers and friends to encourage or in some way  
7 contribute to college going behaviors. There's many different  
8 ones. So pay attention, here comes some of the real numbers.  
9 We looked at everything and then identified 130 schools and  
10 identified areas of urgent need and various recognized needs  
11 for the Commonwealth College Access services.

12                   Now, of the 130 consolidated school districts in  
13 Virginia, 17 met the criteria as high need districts, 29 percent  
14 are five in the Commission service area and for the recognized  
15 need 18 met the criteria for recognized needs district, 44  
16 percent or 8 in the Commission service area. Those are the  
17 areas here and you have copies of the presentation so you can  
18 see. The high need in pink or red, if that's showing up as red  
19 and you recognize the ones in yellow. I've included the  
20 definition and I won't bore you with that and you can read  
21 those definitions behind me as we recognize these areas. I've  
22 run through this quickly. I want to get to what the real need  
23 is and what we want you to learn and where we need your  
24 assistance.

25                   So Virginia CAN and the State Council of

1 Higher Education have partnered to address these areas of  
2 high need as well as recognized needs in the creation of the  
3 College Access community based tool kit. I'm showing you  
4 samples of them and I'm pleased to introduce my colleague  
5 from the University of Virginia, the director of the College  
6 Guide Program at UVA. By the way, that was used as a model  
7 on which to base a national core of college guides. UVA was  
8 the beginner of that or the creator of that so I'll introduce  
9 Keith Roots.

10 MR. ROOTS: Thank you. To tell you a little  
11 bit about the college guide program and my effort. We began  
12 as a partnership with the Jack Kent Cooke Foundation 2005  
13 and 2006. Cooke was very interested in the College Access  
14 Program and the expansion that was a very new foundation at  
15 that point; it had been in existence about three years and had  
16 done some regional scholarships. They started out with a  
17 series of smaller community based presentations when they  
18 were coming through different areas of the state and talking  
19 about the need for College Access. Their goal was to establish  
20 and they wanted to establish smaller programs or smaller  
21 nonprofits throughout the area. They invited the University of  
22 Virginia to attend the presentation in Charlottesville. At the  
23 time I was in the development office and we invited Dr. Hurt  
24 who, at the time was our director. She came out of the  
25 meeting very enthused and very excited and literally in the

1 parking lot of the bank building where we met, came up with a  
2 concept of the college guide program and that was our first  
3 effort and we expanded now into a national network of 17  
4 different states, 20 different universities. We have about 400  
5 recent graduates of the institution.

6                   We have 21 at the university who have  
7 committed a year or two of their time full time after their  
8 graduation, undergraduate graduation. They're working side  
9 by side with college counselors, personnel and administrators  
10 in their school on a full time basis just promoting this and the  
11 concept of College Access. I come at this from a partitioner's  
12 standpoint, fully by accident. I was a full time development  
13 officer to give you a little bit of my background. I don't have  
14 slides so I'm just going to talk for a few minutes about the tool  
15 kit here.

16                   Again, this is to help create a practical guide  
17 for those communities who have indicated an interest in  
18 developing locally based college access programs. Working  
19 with the State Council through funding from the challenge  
20 grant program which created a tool kit and you should have a  
21 copy of that in front of you. You can read that at you leisure.  
22 Also if you have questions as we go along, go ahead and ask  
23 them. The primary purpose of that tool kit is just to provide  
24 an outline of information that will assist in the creation of the  
25 College Access Program.

1                   There is no one right way to provide College  
2 Access. There are many different factors involved and it  
3 depends on the need of the community and the resources that  
4 are available. The first step we advocate in the creation of any  
5 College Access Program is a self-assessment. In our green  
6 folder there should be a copy on the left hand side of the self-  
7 assessment tools that we have provided. There's a smaller one  
8 in the tool kit, I think the little one is more comprehensive as  
9 far as being a document. It's meant for a localized committee  
10 to review to look at the current education structure within the  
11 community and existing College Access efforts to develop  
12 goals. The program will have to consider what the budgetary  
13 needs are, perspective partners in the college effort and  
14 resources that are available.

15                   There are some key questions that have to be  
16 asked. Those include the percentage of students that  
17 graduate from high school, the percentage of students that are  
18 currently enrolled in post-secondary education, the medium  
19 family income in the community, how many students have  
20 applied for or filled out the pre-application form which most  
21 institutions do require as part of the financial aid effort or  
22 application. How many students have taken these tests  
23 historically over the years, how many students have completed  
24 the college curriculum at the high school and how many  
25 seniors have been directly involved with some guidance

1 counselors and someone in a one on one advisory session  
2 regarding College Access. Virginia CAN is also available after  
3 the community has gone through the self-assessment to look  
4 at the results and help determine what the next steps are. I'm  
5 going to stop at this point and ask if there are any questions.  
6 All right, no questions so we'll move on.

7                   There are four basic models of college access  
8 success program. The first is the classic college access  
9 program and primarily located in rural and urban areas. The  
10 core features are one on one advisory for the students and the  
11 parents in the area of college selection and college application  
12 completion. Financial aid support, working with students to  
13 complete the task and reviewing institutional aid awards as  
14 presented from various schools. The College Access Program  
15 is also going to be involved with some early stage career  
16 development.

17                   Another area is the College Access Resource  
18 Center, primarily in urban areas and they tend to operate  
19 within an existing venue; libraries, community centers,  
20 shopping malls and in relationships. They tend to target  
21 underrepresented low income population groups and they  
22 provide free information, career education opportunities and  
23 financial aid. The third type of College Access Program is the  
24 information referral system and it tends to be a broad based,  
25 media based campaign; free telephone hotlines, web access or

1 components of those and they tend to focus primarily on  
2 career and majors a little bit on financial aid. That's done  
3 primarily through newsletters, through websites, internet  
4 based information. The last area is the web based report  
5 that's usually done by a statewide network, statewide  
6 publications both, private higher education four year and two  
7 year schools that tends to be a one stop technology center,  
8 shopping center model. It has career center built into it,  
9 college fairs, financing and other modules. It also provides  
10 online applications. I know you're familiar with Virginia, that's  
11 through the Community College System. That's great for the  
12 web based report. That classic program or first model tends to  
13 be post proactive and it's also the most expensive to sustain.  
14 Are there any questions thus far?

15                   If not, I'll quickly jump through, there are six  
16 core principals involved in the College Access. I'll touch on  
17 them briefly. Early awareness is the first one and that's  
18 designed to help students understand the importance of high  
19 school graduation and continuing on to post secondary  
20 education and ideally that begins in third grade that should be  
21 a program that starts in the third grade. You'll see a handful  
22 that starts early. Some start in middle school and others  
23 primarily their junior and senior year in high school. There's  
24 another federal program and they take students 7<sup>th</sup> grade  
25 through graduation and follow for the first year of

1 undergraduate study. Most higher college access programs  
2 tend to focus on juniors and seniors. The second core  
3 principal is planning and that's along the lines of early access  
4 and focuses on reports and getting students started thinking  
5 about their futures as early as possible. It's best done through  
6 some hands on activity, hands on events for elementary  
7 schools and getting them to college campuses for career fairs,  
8 science fairs and those type of activities. Middle school career  
9 fairs tend to be effective for that age population. For 7<sup>th</sup> and  
10 8<sup>th</sup> graders you want to get them thinking about it and talking  
11 with them about the importance of an academic plan; what  
12 your future is going to be and what are the things you want to  
13 do here. Then at the high school level you're talking about  
14 academic preparation and career exploration.

15                   The third area is testing. It's important there  
16 for students primarily in their sophomore year to take the  
17 PSAT, the preliminary test or a plan which is a preliminary  
18 test and our goal is to get as many kids as possible taking  
19 these tests in the spring of their junior year and if they need to  
20 take a second test it would be occurring in the fall of their  
21 senior year. The fourth core principal we encourage students  
22 to begin visiting campuses as early as possible, participate in  
23 elementary school or middle school and begin that review in  
24 earnest by going to campuses their freshman and sophomore  
25 year. They have the opportunity to do that on the web. Most



1 schools have websites so you can get a good feel for what the  
2 academic program is all about. That won't take the place of a  
3 campus visit and we do encourage students to take as many  
4 as possible but certainly in the summer of the sophomore and  
5 junior year. Take time during the academic year, particularly  
6 in their junior year, get out and visit classes and don't just go  
7 for the weekend, go on Thursday and set in on classes on  
8 Thursday and Friday and get a feel because on the admission  
9 piece they're looking to see what's the best fit so much it's a  
10 great school and all that, fantastic. The most important piece  
11 is what benefits and where are they going to go and spend a  
12 happy and productive four or five years. I say that because  
13 the average six year graduation rate is maybe 23 percent so  
14 maybe 4 or 5 or 6 years is more in reality. The College Access  
15 Programs, I spend a lot of my time working with students in  
16 the application.

17 Area number 5 is financial aid and completion  
18 of the application and we encourage every student to fill that  
19 out because there are so many different factors concerning  
20 schools. The school may also have additional criteria in terms  
21 of financial aid. Some schools have their own specific  
22 institutional application and we do as well. We encourage  
23 students not to pay for the TASA completion, not to pay for  
24 assistance in that area. The website is TASA.com. Many  
25 students get fooled by that, might pay 60 or 100 dollars for the

1 research and some of those colleges will provide. It's  
2 important to pay attention to the deadline certainly. You must  
3 review thoroughly the financial aid packages once they arrive.  
4 There's a lot of tricky language and information that if you  
5 haven't gone through the process it may be a challenge for you  
6 and we want to work with you and help those students with  
7 that piece as well. The last piece relating to financial aid is  
8 last-dollar scholarships. After all other financial aid resources  
9 have been tapped and more money is still needed, last-dollar  
10 grants makes higher education possible by filling the financial  
11 gap. We try to work with students to help them fill that gap  
12 and that could be the difference in attending or not attending.

13                   We didn't take the tool kit out. Over the last  
14 two years we've had 23 communities take advantage of it,  
15 utilizing the tool kit. Six communities within the Tobacco  
16 Commission service area are Campbell County, Lunenburg,  
17 Dinwiddie, Sussex, Lee County and Tazewell. I'm not aware of  
18 any new programs that have come in in the 23 service areas.  
19 Are there any questions? Barry will follow up.

20                   MR. SIMMONS: Thank you Keith. I want to  
21 touch on a couple of things Keith mentioned. I saw some  
22 people do a little dovetail when you talked about the 6 years  
23 for completion. We measure in most instances a 6 year  
24 completion rate and when you look at the centers, you're  
25 looking at 5 years in many areas because of all the heavy math

1 and science. Don't be too concerned with a 5 or 6 year  
2 completion rate. When it goes past 6 years, that's when you  
3 need to start getting concerned. The study that we mentioned  
4 then there's copies of anybody wants them in this fairly heavy  
5 document here. Some will put you to sleep and some is pretty  
6 good stuff. There's some statistical data in there by school  
7 district you may want to look at. There's also some analysis  
8 on the service areas you might find of interest.

9                   The study comes up with a couple of  
10 recommendations; two I'll mention to you briefly. Number one  
11 is the importance of starting early and Keith mentioned that.  
12 Some areas start as early as the third grade. That's very true.  
13 There was a study in one of the school districts a number of  
14 years ago and many states estimate the need for prisons based  
15 on scores in third grade math. Third grade is the place to  
16 start. The other piece on that is the importance of  
17 involvement of parents.

18                   One model was relationship based, the college  
19 access provision and that's very important which leads me into  
20 saying that some of our areas and many areas in Virginia have  
21 first generation college students that don't have parents that  
22 have the college experience. Parents don't know how to  
23 address them, how to encourage them, the parents don't know  
24 the curriculum choices that the student needs to make. The  
25 parents don't know possibilities and opportunities of financial

1 aid that will make students able to pay for college. So this is  
2 where we come into a community that needs a College Access  
3 Program and the kit is designed to help communities begin.

4 Keith mentioned the 6 components and an  
5 area can start with one and maybe they can't do all at one  
6 time but they don't have to do them all at one time and that  
7 may be one issue that we had. VCU was contacted with  
8 varying degrees of interest and that's where we would hope we  
9 could get this system and with the Commission here in terms  
10 of trying to convince some of those leaders in the community  
11 this is available and may want to look at it and the existence  
12 of Virginia CAN and the technical assistance that we can  
13 provide.

14 We would appreciate anything that the  
15 Commission's Education Committee might do in terms of  
16 spreading the word and the availability of this. As you look at  
17 some of the statistics I provided you on how some of the  
18 service areas in the Commission area are affected by the lack  
19 of access. How can Virginia CAN assist the Commission in its  
20 education endeavors? We're here to provide technical advice  
21 and do whatever we can to help you and we'd ask the  
22 Commission and the Education Committee to look and see  
23 what opportunities there might be for future as a partner with  
24 the Commission on an access based activity. So with that,  
25 here's some contact information with Keith and myself, links

1 to the report as well as Virginia CAN website. With that, thank  
2 you Senator Ruff. We'll take any questions or like to  
3 participate in any discussions.

4 DELEGATE JOHNSON: There are no free  
5 lunches.

6 MR. SIMMONS: The question was there are no  
7 free lunches and what finances is involved, the tool kit is free  
8 and the Virginia CAN expertise is free. There's no money that  
9 we have to provide here, that would need to be raised in the  
10 community but there's no cost for any of this.

11 MS. THOMAS: You had several communities  
12 and counties that have a high need. Have you reached out to  
13 them?

14 MR. SIMMONS: The question is a high need  
15 area, what type of outreach have we done. We've contacted  
16 the school superintendents in the areas and offered them  
17 these tool kits and we've had various levels of response, it was  
18 not as successful as we'd like to be and that's where we would  
19 seek some advice or assistance from the Education Committee  
20 of the Commission.

21 MR. ROOTS: In addition to contacting the  
22 superintendents, we've also contacted the Chairs of the Board  
23 of Supervisors, City Council and we've tried to include the  
24 local delegate or senator and copies of those letters as well.

25 SENATOR RUFF: Is there any or do you see

1 any characteristics of people that are affected?

2 MR. SIMMONS: There is one factor that  
3 impacted this causing these statistics I think is your question.  
4 I think all three, the existence of an access organization will  
5 help mediate and the reasons would be population of the first  
6 generation students back to the parent thing that I was talking  
7 about. They don't have anyone to encourage them and they  
8 may be encouraged by their high school guidance counselor  
9 and that can be mixed depending on the area and maybe  
10 there's some college guidance people in some of these areas  
11 and maybe someone can help with college encouragement. I  
12 would say number one is lack of knowledge, not opportunities  
13 for the college going experience, the post high school  
14 education. When I say college bound I don't mean UVA or  
15 Virginia Tech, I'm talking about community colleges, some one  
16 year certificate programs, post high school education.  
17 Education is all workforce related, that's what we're all  
18 involved in here. You've got parental involvement, I think  
19 you've got the lack of curriculum knowledge and the lack of  
20 availability of financial aid.

21 MR. ROOTS: I think those are the three  
22 factors. The next question that may come up from that is  
23 what are the schools doing and how involved are they, how  
24 involved are the guidance counselors in that process? They  
25 are very involved; they're engaged. The majority of the

1 guidance counselors we work with are very interested in  
2 helping these students that they can reach out to to succeed.  
3 When we started this effort when we first met with the  
4 foundation in May of 2004, the student to guidance counselor  
5 ratio in the State of Virginia was 353 to 1. That number today  
6 is over 400 to 1. The average guidance counselor spends 20  
7 minutes with a senior in total within the course of that child's  
8 senior year. The interest is there but the time is not and the  
9 duties of guidance counselors have only increased over the  
10 past 7 years as well. Between monitoring an SOL and other  
11 achievement tests, counseling duties, guidance counseling  
12 itself is probably less than two percent on average of the  
13 guidance counselor's responsibility. That's not my number  
14 but that's the number coming from the guidance counselors  
15 we work with directly, 20 different high schools in 15 districts  
16 around the state. We work directly with 6 districts within the  
17 tobacco region and every counselor we work with that's what  
18 they tell us.

19 DELEGATE JOHNSON: I notice in your  
20 guideline the corporation is non-profit.

21 MR. SIMMONS: Why have the corporation,  
22 there's benefits when you go to the foundation with foundation  
23 funding. They're going to want to see something real, not  
24 something through the back door. They're going to see a real  
25 legally responsible corporation for these. That's especially true

1 when one of the elements was raising funds for last-dollar  
2 scholarships. Many instances when you have corporate  
3 donors that want to write this off on their taxes, they have the  
4 legal standing. Keith, do you want to expand on that?

5 MR. ROOTS: I am a full time development  
6 officer. My program is 100 percent grant funded from the  
7 University. I'm responsible for thousands of dollars a year.  
8 I'm part of the University of Virginia, part of the public service  
9 aspect but the need for having the incorporation for the  
10 nonprofit status is essential. Most of these organizations are  
11 out raising every dollar. There's a handful that have had the  
12 development over the years and have an endowment and  
13 actually college foundation money. The head of the foundation  
14 in Southampton Roads is also President of Virginia CAN and  
15 she has a wonderful endowment but she still has a great need  
16 to go out and raise money for operating costs every year.

17 DELEGATE JOHNSON: Do these corporations  
18 pay the employees?

19 MR. ROOTS: Yes, they would. Most of the  
20 College Access Program around Virginia and around the  
21 country they have full time staff that go in and are working  
22 directly in the schools. I have 21 recent graduates of the  
23 University to fill in full time for two years and are working side  
24 by side everyday as guidance counselors. We're not paying  
25 them a great deal, something like \$21,000 for a year, \$22,000



1 the second and we provide them full health insurance but no  
2 other benefits directly while they're serving. Once they  
3 complete their service, we provide them with \$11,000 in  
4 support for either graduate school or help them pay off their  
5 tuition or student loan.

6 MR. SIMMONS: Just to clarify that, not all of  
7 them have to have paid employees. Some are volunteer  
8 organizations and similar to other existing organizations and  
9 you're looking at creating partnerships here so it's not a  
10 requirement they have paid folks.

11 MR. ROOTS: The college guides work in three  
12 major themes. During the fall they're working to help kids  
13 complete applications and they're going through, in some  
14 cases you have to sit down with them and get them on the  
15 computer and get them to fill out the application and they  
16 need that level of encouragement. We will help edit the college  
17 essays and spend a great deal of time on that. If the student  
18 needs to take the SAT we can help and there are preparatory  
19 courses for that. In December, January and February  
20 financial aid time for us. We hold parent programs where  
21 parents and students together sit down and talk about the  
22 timeliness of getting these things done. If you don't meet the  
23 deadline for financial aid, and the first group to be considered  
24 for financial aid and many students and parents don't know  
25 that. We train our folks and they have the capability of

1 helping them complete this information. We train for 6 weeks  
2 over the summer our new group and we spend an enormous  
3 amount of time working on that and going through it line by  
4 line so they'll understand how it works and how important it is  
5 getting it done accurately the first time. In the spring time  
6 we're still doing catch up. There's always some kids at schools  
7 are coming in in March, that's the first time they thought  
8 about college. We're talking about the transition from high  
9 school to college and what it's like. There aren't bells that will  
10 guide you around. That's a typical college guide.

11 We also have career coaches. They are  
12 involved with some college recruitment activity and we work  
13 alongside them. We divide up duties and work with them and  
14 try to hit every, catch every student out of school. The vast  
15 majority of the students we work with in the College Guide  
16 Program, they're going to community colleges. That number is  
17 about 50 to 55 percent over the last five years and I expect it  
18 to be close to 60 percent this year. So we work very closely  
19 with the career coaches.

20 MS. THOMAS: What's the level of  
21 improvement?

22 MR. ROOTS: I know in Henry County I have  
23 seen a three percent increase over the last three years in  
24 college numbers. We've seen double digit increases in the  
25 number of college applications that have been completed. In

1 those schools, we've seen probably a 25 percent increase in  
2 the SAT and ACT test takers. You got to get to those steps to  
3 get to college.

4 MR. SIMMONS: Another recommendation of  
5 the study is that every other year, do a statewide assessment  
6 of these programs that are working and that way we can tell  
7 what's working and what's not working.

8 MR. ROOTS: To address Mr. Johnson's  
9 question earlier about not being a free lunch. Our program,  
10 the average cost for us for each person we place in the school  
11 is roughly \$45,000 a year but the rate of return looking at it in  
12 terms of how many kids do we help get to college, our cost per  
13 student is about \$512 and the average for a not-for-profit  
14 college access provider is roughly \$1,700 per year.

15 DELEGATE JOHNSON: Then you've got a kid  
16 educated.

17 MR. ROOTS: Yes, another kid educated and  
18 you've got a taxpayer on the roll so there's a lot of long term  
19 benefits.

20 MARY: I'm with the Southside Virginia  
21 Community College. I'm sitting here going really, because it  
22 looks like to me there's some overlapping things that we do  
23 that the partnership is doing. I know this isn't the appropriate  
24 place but we probably should talk to you because we have  
25 career coaches in all of our high schools. I think we're trying

1 to accomplish the same thing.

2 MR. ROOTS: Absolutely, we are. That's one of  
3 the things I tell my people we are not the be all with College  
4 Access. We're attached to the community effort in order to  
5 succeed. I'd like to talk with you on that.

6 SENATOR RUFF: Any other questions. All  
7 right, thank you very much. Ned.

8 MR. STEPHENSON: This portion of the  
9 agenda is to ask the Committee to consider making changes to  
10 the Scholarship Program you've operated since the inception of  
11 this Commission. The Scholarship Program has been a  
12 cornerstone program ever since you started. You put roughly  
13 3 to 4 million dollars a year into the Scholarship Program.  
14 Most of you know that with respect to the four year  
15 Scholarship Program you really have two programs. One that  
16 operates in Southwest and the other one that operates in  
17 Southside. My remarks today are really directed to the  
18 Southside Program although they want to talk about  
19 Southwest a little bit. This is really directed at the Southside  
20 Program.

21 I'm going to ask you if I may, I'll ask Rachel to  
22 come to the table because we want to draw on her knowledge.  
23 As you know, her higher ed center is the scholarship office and  
24 she is the administrator for the Scholarship Program and both  
25 of the programs and she knows more about it than I do. I

1 want to speak to you a little bit today about what I call an  
2 emerging problem in the scholarship program. We've been  
3 going through this for awhile and we're not really sure what to  
4 do about it but I want the Committee to understand the  
5 problem that we're facing so that we can together, try to forge  
6 a solution but first a little bit of background. These are the  
7 numbers taken recently as of June, the number of loans that  
8 have been made to date by the scholarship administrator  
9 using your money. The reason this is significant is that when  
10 one of these students come to the administrator and applies  
11 for the scholarship, we are not finished with that student until  
12 as much as 16 or 17 years later. They come and sign up and  
13 they go to school and very few kids finish in four years. Most  
14 of them are 5 years or 6 years. Then some go to graduate  
15 school and after that, that's a 13 month deferment period and  
16 they don't have to do anything. After that they began a 10  
17 year repayment plan.

18                   You can see that every student that enters  
19 your program today are going to stay there for about 15 years.  
20 What has happened is that the administrative costs of this  
21 growing portfolio of student loans has begun to escalate and  
22 rightfully so because the higher ed center basically has on its  
23 books almost all of the students it ever had. A few of them pay  
24 off and go away but it takes a long time. We've had an  
25 escalation of the administrative costs. We haven't been in this

1 long enough yet for the portfolio to reach it's plateau bottom.  
2 As we add more loans to it, it continues to grow. The recent  
3 administrative fee 3496 is considerably less than that which  
4 was asked for and needed by the higher ed center for the new  
5 year. We informed Rachel of this and we're trying to contain  
6 the cost of these portfolios from growing.

7 Just to kind of give you a flavor of some of the  
8 things that the higher ed center does to get students through  
9 the program. They go through extensive efforts to advertise  
10 the program and they told you about the guidance counselors  
11 and the newspaper advertisements and so forth. They receive  
12 quite a number of applications each year and they have to go  
13 through all of them and determine eligibility and whether they  
14 meet the standards, then they make a scholarship offer to the  
15 student. Not all students take it up. Some will take the offer.  
16 Once they take the offer, they have to get a promissory note  
17 signed by the student for the loan. They have to get their  
18 transcript and their schedule to make sure that they're  
19 qualified and on track to receive the money and use it for what  
20 they're supposed to. Then they disburse the money to the  
21 school for all of these hundreds of students.

22 They have to go through this 6 or 7 or 8 more  
23 times because these students each semester they have to go  
24 through the transcript and they have to change some things  
25 and they have to go through that procedure and then the

1 student graduates or not as the case may be. You wait the 13  
2 months and then they have to verify their employment, find  
3 the student, find out are they working in the region or is it full  
4 time employment somewhere in the region. Then we have to  
5 begin the collection process on the loan if the loan is due or if  
6 not, we have to grant a waiver and get the employment  
7 information and so forth. Then here is where it really gets  
8 tough. A lot of these are delinquent and we have to go  
9 through the process of chasing these delinquents. Then we  
10 have skip trace problems, that's a term the bankers use to find  
11 people that owe money. Many of them graduate and they go  
12 somewhere and we just don't know where they are. We're  
13 filing judgments against these students, we are snagging tax  
14 refunds from them, their parents and I can go on and on.  
15 We're going to be doing this for 10 years. So I'm trying to say  
16 to you that we are in a situation that we've created and we  
17 need to start addressing if we want to continue this or make a  
18 change to it. Stephanie Kim, I'm going to ask her to speak a  
19 little bit about some of the unforeseen issues that come up  
20 dealing with these.

21 DELEGATE JOHNSON: Are some of these  
22 funds tied up with bankruptcies?

23 MS. KIM: We do have bankruptcies and the  
24 question could be posed to our counsel.

25 DELEGATE JOHNSON: What can we do?

1 MR. FERGUSON: Delegate Johnson, what was  
2 your question?

3 DELEGATE JOHNSON: Are these immune to  
4 bankruptcies?

5 MR. FERGUSON: Yes, they are immune but I  
6 do stand to be corrected on that. I think in terms of total  
7 number of cases, this changed over the years and I can't  
8 remember right now the current status of these. Stephanie  
9 correct me if I'm wrong, bankruptcies are a fairly small  
10 percentage of them, the loans we have to chase.

11 SENATOR PUCKETT: I'm having a little  
12 trouble hearing but I understand Ned to say that these  
13 primarily apply to the Southside Program, I don't think in  
14 Southwest we do any.

15 MR. STEPHENSON: Only Southside.

16 DELEGATE JOHNSON: If the amount is  
17 immune from bankruptcy, we can go all the way to social  
18 security in order to get it.

19 MR. NOYES: That would be number 17.

20 MS. KIM: We do receive several bankruptcy  
21 notices per year. They are notices for the hearing. At this  
22 point, I don't know, you'd need creditors and I'm not sure we  
23 have staff to be able to do that. Based on some of the  
24 statistics we receive from Southside Higher Ed, half are  
25 forgiven and they return to the area and they work. We don't



1 have a requirement that they work in any particular job. They  
2 can come back and work at Wal-Mart, McDonalds or whatever  
3 job they can find. They may have a four year degree and not  
4 be able to find a job in that area of study. If they work in the  
5 Southside region, they will be forgiven. Of those repayments  
6 based on statistics back to November, 37 percent are in  
7 default. We go through this procedure of referring them to the  
8 Office of the Attorney General debt collection department and  
9 they pursue, get a judgment or garnishment against these  
10 people. They currently have about 115 files that they are  
11 actively collecting on, trying to collect on if they can find them  
12 and this year I have to enter each of these files in the State  
13 Debt System. If they receive any payment from any state  
14 agency, they'll run into a snag for owing us for their loan. We  
15 collect on the state tax refund, any vendor payments they  
16 might receive and if some of them are state employees, we  
17 collect if they receive travel reimbursements and things like  
18 that. We have some of these files coming to us daily.

19 When these are in default, I'll send out  
20 demand letters, 30 days pay us in full or we're going to collect,  
21 turn it over to collections in the Attorney General's Office and  
22 then I have to prepare all the paperwork and send it to the  
23 Attorney General's Office for them to start the procedures,  
24 take it to court and get a judgment. It's a very labor intensive  
25 process, not only Southwest Higher Ed but they, to do their

1 own collection efforts, sending late notices and final notices  
2 and you're really, really late, if you don't do something, we will.  
3 So not only Southwest Higher Ed has to do some things, also  
4 our office in Richmond and the Office of the Attorney General  
5 is involved. From the pure labor standpoint of the program  
6 and having to review over 2,000 applications annually looking  
7 at every single one and set it up so they can sign a promissory  
8 note online and try to find a transcript and do all that  
9 administratively, all three agencies dealing with collections, try  
10 to track and find these graduates. There are some issues that  
11 the Attorney General's Office brought up. There is no date  
12 certain when the loans become due because the way the  
13 promissory note is written, they have 13 months after they're  
14 no longer enrolled. If they graduate, we need to know the date  
15 of their graduation from that particular school. Once we know  
16 they finish May of 2010, then we don't have a date certain.  
17 We don't know when the Attorney General is going to court  
18 and they need to know at what point interest starts to accrue  
19 as of what date and we don't have that date. It's not a very  
20 good way to determine the particulars of these. Some of the  
21 graduates return to the region and can't find a job and they  
22 owe the loans and have to start repaying the loans so we take  
23 them to court and get a judgment on their credit record. We  
24 have unemployed people and people that are employed part  
25 time in minimum wage jobs because they can't find something

1 in their area of study. We've had some graduates where  
2 they've been able to find a job in a neighboring county, not in  
3 Southside. The loan doesn't say which counties you have to  
4 work in in order to get the note forgiven. If they were to find a  
5 job in Roanoke for example, the loans would be forgiven and  
6 they'd have to start the repayment. Often times a graduate  
7 can't find a job and joins the military and they must pay back  
8 the loan if they're not stationed in the region, I don't know how  
9 many bases there are in Southside Virginia. I would think not  
10 many. Often the co-signor entered in this debt system and is  
11 included in the judgment. A lot of times it's the parents living  
12 on disability or a fixed income and they're getting garnishment  
13 letters. In some cases they say we have no choice but to  
14 declare bankruptcy. These judgments remain on their credit  
15 record for 7 or 8 years I understand.

16 DELEGATE JOHNSON: I'm a little bit  
17 perplexed, some can't find a job and join the military and must  
18 pay it back. That's a little bit ridiculous. If they are in the  
19 military and they get sent overseas, then what?

20 MS. KIM: I think they get a deferral but they  
21 still owe the money.

22 MR. NOYES: There's a deferral, it's not an  
23 immediate demand for repayment.

24 MS. KIM: It's not forgiven.

25 DELEGATE JOHNSON: I didn't think we were

1 that cruel.

2 MR. FERGUSON: Delegate Johnson, it  
3 probably would be a violation of the Soldiers and Sailors Relief  
4 Act if that were to be the case.

5 MR. STEPHENSON: Members of the  
6 Committee, the staff is bringing this to you and we're asking  
7 for you to help us find a way to get the Tobacco Commission  
8 out of the loan administration business because of the costs,  
9 the energy, it doesn't help get any jobs through schooling.  
10 We're asking you what to do. We do have a couple of options  
11 available to present to you. Each one has its own merits and  
12 demerits. Some of you may want to change these. We're  
13 trying to provide some solution and we're just trying to solve  
14 this problem. I'm presenting to you quickly two options to  
15 consider. The first one is that you convert this to what I call a  
16 scholarship program, no loan feature. The administration  
17 would be much easier and less costly, the drafting of the loan  
18 administration goes away and it's some benefit to the  
19 administrator to align the Southwest Program with the  
20 Southside Program doing all the same things essentially. We  
21 can talk a little more about the pros and cons of a conversion.

22 Another option if you want to consider is what  
23 we might call tuition reimbursement program. This is where  
24 the student borrows the money wherever they want to but not  
25 from us and goes to school. When they graduate, come home

1 to work, we repay them the money that they used to go to  
2 school and they can take that and pay the loan off. We would  
3 make that commitment to them on the front end. We have a  
4 letter for the high school seniors saying if you graduate and  
5 then you come home, this letter is worth \$3,000.

6 MR. NOYES: Which means we continue to  
7 budget a fixed amount each year; year in and year out that the  
8 money is there if the student makes a demand.

9 DELEGATE JOHNSON: That's based on say a  
10 100 students if they take that path we would pay them when  
11 they finished.

12 MR. NOYES: Whatever that amount is  
13 established by the Committee for that year. We would budget  
14 in the same way that we do it today when we make a loan.  
15 Those funds would accumulate until they finish.

16 DELEGATE JOHNSON: So we would have an  
17 obligation to give them that letter?

18 MR. NOYES: Yes.

19 DELEGATE WRIGHT: I think the presentation  
20 made to us so far might be the way to go with this program  
21 but I do want to ask a question. We've been able to service  
22 and provide scholarships to a good number of people and  
23 hopefully to a number that really needed it. Would there be  
24 any problem if we change it to one of these two, you'd still  
25 service the people that come. I'm concerned about us not

1 being able to offer scholarships?

2 SENATOR RUFF: Barry, can you give us your  
3 perspective on either one of these?

4 MR. SIMMONS: Of the two proposals, the  
5 scholarship program, of course, any time that you offer to give  
6 somebody money with no strings, it's easier to deal with it but  
7 when strings start getting attached to it, sometimes it becomes  
8 more difficult. The up front promise of a scholarship is  
9 probably not going to affect your middle and upper income  
10 people going the way of the scholarship and moving to the  
11 tuition reimbursement. My basic response to this, thus far is  
12 I'd like to see a little bit more data and more often that's an  
13 academic response. You say 37 percent are in default but  
14 what percent of that is the total amount, what's the dollar  
15 amount. Also what is the population the Southside Program is  
16 serving, is that broken down or have we done any studies first  
17 generation, what's the socio-economic status of the students?  
18 That will determine what the impact is going to be and  
19 whether its going to be a carryover or if you make it a total  
20 tuition reimbursement program.

21 SENATOR RUFF: How easy is it to get money  
22 or borrow money?

23 MR. SIMMONS: How easy is it to get money;  
24 it's relatively easy unless you've got an absolute terrible credit  
25 record. That's for students going to school, students getting a

1 loan. Student loans, there's no credit check for the federal  
2 student loan. No credit check whatsoever for those. The  
3 problem with the student loan is that there's a set amount,  
4 whether they can borrow earlier, whether they're a freshman,  
5 sophomore, junior or senior. That's one of the limitations  
6 which could present some issues. There's usually no problem  
7 getting that and there's plenty of capital and no credit check.  
8 Donald Trump could get one of these so that's not an issue.  
9 The issue in getting loans is, that the parent needs to get a  
10 student loan to help, the student, their partially credit based  
11 but we're not looking at debt to income ratio and we're really  
12 not looking at the same requirements as a regular loan. I  
13 don't know what the precise number is where they say you  
14 can't have more than X accounts open 60 days or so forth or  
15 any past due and that sort of thing. For the most part, loans  
16 are relatively easy to get, I would say for the most part. If it's a  
17 terrible credit you might not get one but for the most part, you  
18 can get one. There's no problem for the students getting those  
19 loans. I think it's 7,500 for juniors and seniors per year.

20 SENATOR RUFF: Your gut reaction between  
21 number one and number two, what percentage are we going to  
22 lose with that situation?

23 MR. SIMMONS: Number one, I don't think you  
24 lose any students per se. What you're going to lose there is  
25 the incentive for the students to relocate back to one of the 22

1 or 23 localities. Number two, you're not going to lose too  
2 much middle and upper income. You're not going to lose any  
3 from second or third generation. You do face the danger  
4 however, but my gut reaction is that first generation low  
5 income, you'll lose.

6 MR. ROOTS: I would agree with Barry, you'll  
7 lose more students with the tuition reimbursement where  
8 they'd have to take out a loan first. There are some parents,  
9 particularly in the lower income, lower economic ranges that  
10 are weary of any loan or having to take out any loan because  
11 they don't want to take out a loan to support the child's  
12 education, they don't want the responsibility on themselves.  
13 It's a low number and probably under 10 percent. In the  
14 tuition reimbursement program you would lose the kid  
15 because their parents, the student themselves would not have  
16 an interest in taking out a loan. Does that answer your  
17 question?

18 SENATOR RUFF: Does that answer your  
19 question Tommy.

20 DELEGATE WRIGHT: I wanted to know how  
21 does that money work with the particular programs?

22 MR. STEPHENSON: In talking about a  
23 solution to this problem, we tried to stick with this concept. If  
24 we went from a loan forgiveness to just plain scholarships and  
25 we're dealing with the same money, same students, same



1 school, same eligibility, it's just that the loan administration  
2 would go away.

3 DELEGATE WRIGHT: The one lose screw in  
4 that is what Barry talked about and Keith talked about. Once  
5 you go to scholarships, the requirement to come home goes  
6 away.

7 MS. KIM: I could add one thing on that. The  
8 thing that goes away and they get an education. They might  
9 go away and get a job and then go to DC or New York and they  
10 don't return because they can't find a job or they just don't  
11 want to come back. Once they go away and live in these  
12 different environments and get experience, I won't say a lot of  
13 them but the ones that have lived and grew up in Southside  
14 are much more likely to return at some point than someone  
15 like me that never lived in a rural area before. I grew up in  
16 Virginia Beach and I don't think I'd ever want to come to  
17 Southside because I don't know it. I don't know what would  
18 get me to move from a larger metropolitan area just as the  
19 people that have grown up there and have family there and  
20 property. Even though they may be away for 5 or 10 years,  
21 they will bring that experience back to Southside and they're  
22 the ones that will most likely start new businesses to create  
23 more jobs. It's a very long term investment and it may take a  
24 career working somewhere else before they come back. It's not  
25 a bad thing to educate them and have them move somewhere

1 else in the meantime.

2 DELEGATE JOHNSON: There is a way for  
3 them to get a loan from a bank.

4 MS. THOMAS: These are the two options that  
5 we have before us.

6 MR. STEPHENSON: Among many but I just  
7 bring that to the Committee as a suggestion.

8 MS. THOMAS: Then I'd like to say one thing.  
9 By having it at a loan program, would that create a new kind  
10 of, when that money's coming back that could provide another  
11 scholarship to another student at some point in the future.  
12 There are organizations that are set up to administer these  
13 types of loans and this is what they do all day long.

14 MR. STEPHENSON: Yes, we've talked about  
15 that quite a bit and that's probably a discussion for another  
16 day if the Committee really wants to hand over the loan future  
17 program, it would be the next logical step, we'd probably be in  
18 front of you asking to try to find a way to hammer this out and  
19 put it in the hands of the administrator. The cost goes away  
20 and the loan administration. Now, the cost doesn't go away  
21 and there's still loan administration but you'd have to agree on  
22 that.

23 MR. NOYES: Seventeen year period of time, we  
24 have right now, a different decision. If you were to adopt this  
25 and have somebody on the outside take care of it. In talking

1 about this with our chairman and some of the staff and Ned  
2 has a slide rule and can say the administrative overhead has  
3 doubled in just the last two or three years then it's going to  
4 double some more the way we're going. Do we want to use  
5 Commission resources to pay for the administration or do we  
6 want to use these resources to provide financial aid to other  
7 people in the future. We're talking \$3 million a year and we  
8 only got about \$4 million in the current loan pool so if you  
9 figure that out, every 9<sup>th</sup> year you wind up, if my math is right.

10 MR. SIMMONS: In terms of program  
11 administration and program creation and what's desirable and  
12 once you go to, that in itself just what you said is not a bad  
13 idea. The concept of outsourcing that, however, and I know  
14 there's several companies out there that do that work and  
15 there might be some savings there. The other issue of just  
16 making plain scholarships, some of this depends on how  
17 intent the Committee wants people to relocate back to the 23  
18 localities. If you don't have that and they do move away and  
19 whether they come back or not, at least they're not back in  
20 that area creating burdens on unemployment and social  
21 services and so forth. That may be a little bit in the minority  
22 in terms of how many people that may affect but theoretically  
23 that's another consideration. If I had it my way, I'd make it a  
24 pure scholarship program.

25 MS. BARTS: Southwest, do they have any way

1 of measurement as far as whose graduating and getting  
2 scholarships? Do they have a percentage that come back?  
3 How do you measure that?

4 MR. STEPHENSON: My understanding is that  
5 they make the award and go and do good.

6 DR. FOWLKES: They apply every year for the  
7 money and we know in the fourth year they have to have a  
8 GPA and a certain number of credit hours they carry. We may  
9 not know the graduation date and they don't ask for it after  
10 that. The assumption is they have completed their degree.

11 Frank asked me about the Southwest Program.  
12 The money is limited to students who are family of early  
13 tobacco population. They either raise tobacco or they sold  
14 tobacco, those are the only applicants. Going back to Delegate  
15 Wright's question, I think you tried to ask is there enough  
16 money to take care of everybody in Southside that applies for a  
17 scholarship. Unless there's some criteria, I think that might  
18 be a problem. You'd have to think about how you're going to  
19 establish your priorities for funding and I think that's  
20 important.

21 DELEGATE MERRICKS: That was going to be  
22 my question, how does that work? You can't fund everybody.  
23 In talking about the loans, Ned talked to me earlier. That can  
24 be a snowball operation. I know people are supposed to come  
25 back and get jobs but that can be a problem too. I'd prefer

1 having a scholarship and with the scholarship they can come  
2 back and work. But if you don't come back to work and  
3 there's nothing there, I don't see how you can. If there is no  
4 job, you can't fault them for not coming back. I think if you  
5 offer scholarships, it ought to be limited to who's eligible. You  
6 got some people in the pipeline but if a student finishes up  
7 their second or third year and are you going to have them, will  
8 there be money available for the last year?

9 MR. NOYES: The expectation is that whatever  
10 solution this Committee decides on, it would be phased in, you  
11 can grandfather some people in the pipeline.

12 MS. KIM: This couldn't begin until at least  
13 2012 or 13 because they're already working on this coming  
14 fall. On the burley scholarship itself for Southwest and this is  
15 based on burley quota from back in 2002. There's more  
16 burley tobacco grown in Southside now than in Southwest.  
17 That program needs to be revisited as well.

18 SENATOR RUFF: Going back to the  
19 responsibility question of revitalization. It's great to educate  
20 our young people; it's a good thing to do. Then the question of  
21 revitalizing the community and we don't get these people back,  
22 that's where Barry and I were talking about, that's why we put  
23 that there. Whether it's right or not, I don't know.

24 MR. NOYES: There's nothing wrong with  
25 trying something but this program as developed is going into

1 16 or 17 years administrative burden and it's going to just  
2 increase but there's nothing wrong with the concept of the  
3 programs.

4 MS. KIM: There is some question about the  
5 amount of money that's being forgiven is enough to draw them  
6 back if they weren't planning to come back anyway.

7 MR. ROOTS: The question was raised earlier  
8 tracking graduate data. That can be done easily working with  
9 the National Students Clearinghouse and you may need to  
10 work with the State Department of Education for the last three  
11 years, they've been tracking graduate data, I don't think that  
12 would be too difficult.

13 MS. THOMAS: Do we have any comparison  
14 costs of what our program costs administratively versus what  
15 other programs, graduate wise?

16 DR. FOWLKES: Cindy, I can't give you exact  
17 figures but we are not, the administrative costs and the  
18 administrative effort does not really driving this for us. What  
19 our concern is that students are getting a college degree and  
20 earning college credits toward a degree and once they complete  
21 that, they're coming back to the region and they try to find a  
22 job and a lot of them cannot. Then we're trying to collect this  
23 money and track them down. They don't contact us. The  
24 message that we're trying to send so here you've got students  
25 with a college degree, the very thing we need to do to

1 encourage them and help them find jobs and establish their  
2 careers and what we're trying to do now is trying to collect  
3 \$4,000 a year from them. What we're saying is, is there a  
4 better way that we can help our students going to college, help  
5 them launch their professional careers with the college degree  
6 that they have by putting them in difficult circumstances.  
7 They have to overcome. That's my real concern. When we talk  
8 to students on the phone and they say they're working two  
9 part time jobs because they can't find a job, if they're like a  
10 journalism major and they come back, how many journalism  
11 majors do you need in Southside? So here's what happens,  
12 they really struggle. We're trying to make a program with the  
13 intention, in other words, this is turning sour and we need to  
14 try to make it better.

15 MR. STEPHENSON: Mr. Chairman, the name  
16 of the Virginia Tobacco Commission appears on the judgment  
17 lien. These folks come back and then they're struggling and  
18 it's our organization that is trying to nail them at home. I'd  
19 rather us not be in that position.

20 MS. DIYORIO: I would agree. When you think  
21 about the parents who couldn't afford to send their children,  
22 maybe they're on the loan or maybe they're not on the loan, it  
23 really puts everybody in a bad position.

24 DELEGATE WRIGHT: Well, it seems to me  
25 since they signed the loan and they knew what the

1 circumstances were, I know we're trying to revitalize the  
2 community. We want people to come back but we've heard  
3 these options. Our main idea was to get these people back  
4 and use their skills in the community and Southside. I think  
5 we need to zero in on how we can get out from the current  
6 circumstances we're in. We've heard a couple of options so  
7 far. I think our original goal is still a good idea so I think we  
8 really need to focus in on this system we got now and maybe  
9 there's a better option. If you recall the way we set this  
10 program up, workers were in short supply and we couldn't  
11 keep people here. That was one of the reasons we did it, to get  
12 people to come back to Southside. I think that part of the goal  
13 is fine.

14 MR. SIMMONS: Not to belabor the point, I'm  
15 not sure we have enough data on which to base decisions. I'm  
16 hearing some data and some good data but the data needs to  
17 be more complete. I'm hearing some emotion in this and you  
18 don't want to make a decision based on just your emotions.  
19 You need some further data I think to really make an informed  
20 decision. The important question is, at least from an  
21 academic standpoint, the Committee and the Commission  
22 needs to make a decision, in fact, you want to bring people  
23 back to the region then we need to go from there to find a  
24 solution. I think your major point right now needs to be to get  
25 more data and then make a decision on how best to proceed



1 from there.

2 SENATOR RUFF: There seems to be a  
3 consensus that we need to move away from that, from what  
4 we've been doing, is that correct? There are two proposals up  
5 there and I would say that possibly there might be a third  
6 proposal. If we move forward, we might want to look at what  
7 Southwest is doing and maybe go to one system. If we do one  
8 or two but maybe a combination of both. Currently we've  
9 giving 2750 to Southwest and 4130 to Southside. If we say  
10 we'll put a thousand dollars into a scholarship each way and  
11 use the rest of it for tuition reimbursement and if they come  
12 back, it might be something that Southwest and Southside  
13 can agree on a fair amount.

14 DELEGATE JOHNSON: Mr. Chairman, I think  
15 our system has worked real well for the amount of the  
16 scholarship. I think Southside needs to decide whether or not  
17 you want the students to come back.

18 COURT REPORTER: Can you speak up  
19 please?

20 DELEGATE JOHNSON: I think we've had  
21 success and we've offered a lot of opportunity. We've had  
22 some degrees and a lot of Master's Degrees and a lot of people  
23 have been educated making more money now. Southside  
24 needs to get together maybe and come up with something that  
25 would work for them.

1                   SENATOR PUCKETT: Frank, I agree with what  
2 Joe's talking about. Originally we talked about this in  
3 Southwest and I think what's before Southside and what's  
4 before the entire Education Committee, we had significant  
5 differences in the very beginning and maybe this issue of  
6 revitalizing the community, maybe people thought that we  
7 couldn't revitalize if we didn't make these people come back.  
8 In the Southwest we chose to, I guess, sort of roll the dice and  
9 our people, many of them have chosen to stay in the area and  
10 we didn't want to spend more money than necessary on the  
11 administration part of the program. I would agree that ours  
12 has worked real well. I don't know if we have sufficient  
13 numbers in the way of auditing and getting more data but  
14 Joe's given you a good example because we're getting a lot of  
15 graduates and we're getting a lot of graduation exercises down  
16 there where the Tobacco Commission dollars has made a  
17 difference. We believe there are people who are staying in our  
18 community. I don't know what all the numbers are or what  
19 the bottom line is, but I believe the administrative costs in  
20 Southwest are far less than what I hear that it's costing in  
21 Southside. I may be wrong but I don't think we're tracking  
22 people 15 years in Southwest. So our administrative costs are  
23 less and therefore we have more money to dedicate to the  
24 scholarships. I don't think there's anyone in the Southwest  
25 delegation that wouldn't say that's probably some of the best

1 money we've ever spent for the farm community other than the  
2 indemnification money. These scholarships have really been  
3 well worth it. I'd argue with anybody if that isn't a good return  
4 on the money we've spent. That is a way to revitalize the  
5 community. I guess in Southside you all; you don't have a  
6 way of tracking that. I think everyone in Southwest is very  
7 pleased the way ours has worked. I certainly don't want to see  
8 any of that changed. I'm committed to work with Southside  
9 anyway you want to in whatever you think is in your best  
10 interest.

11 MS. DIYORIO: I feel that way.

12 MR. REYNOLDS: I know we've had a lot of  
13 good discussion here today and I hope we can do something  
14 about maybe what's been created as an administrative  
15 monster.

16 SENATOR RUFF: I guess the consensus of  
17 Southwest, they want to try to keep what they've got and I  
18 know at some point we have to figure out how to grandfather,  
19 you have two generations growing tobacco and the question is  
20 how you going to be fair. Ned.

21 MR. STEPHENSON: Mr. Chairman, the staff  
22 brings no recommendation to change. We just want to –

23 SENATOR RUFF: - I understand that. We just  
24 want to get everything on the table. For Southside there's two  
25 or three options. I don't know that we have to make a decision

1 today and we need to give staff the best direction that we can,  
2 where we're going. Tommy, what do you want to say?

3 MR. WRIGHT: Well, the first thing we decided  
4 to bring people back to Southside and that's one of the first  
5 things we did. Maybe we need a little more time to discuss  
6 what is the best method but I think we can agree, we have to  
7 make some change. I think maybe we all need to think about  
8 it a little bit more but I personally would want to, we have to  
9 consider that we have a larger number to consider.

10 COURT REPORTER: Can you speak up a little  
11 bit please?

12 MR. WRIGHT: Maybe the tuition  
13 reimbursement.

14 MS. BARTS: I think maybe as Delegate  
15 Johnson said, maybe a combination of the two, you give 4,000  
16 and maybe upon graduation they get an additional 2,000 to  
17 come back.

18 SENATOR RUFF: I don't think so, you take  
19 care of the, they'd have to have the responsibility to prove that  
20 —

21 MS. BARTS: - I think that maybe a  
22 combination —

23 COURT REPORTER: Can you speak up?

24 MS. THOMAS: I would be more in favor of  
25 that, the current program in Southside and the question of

1 revitalization, is that our main goal which we say it is but –

2 SENATOR RUFF: Don.

3 DELEGATE MERRICKS: Is there a limit on the  
4 amount of money that a student or parent can get?

5 MR. SIMMONS: The question is, is there a  
6 limit on the amount of loans a parent can get and the answer  
7 is, it's on a case by case basis effectively what the parent and  
8 the student needs to pay for the education within  
9 reasonableness, no, there's no limit. The student gets all their  
10 financial aid and then the parents borrow up to whatever the  
11 difference is and the cost of attendance at that institution is  
12 not just the tuition but there's transportation and books and  
13 other fees, personal expenses and things like computers,  
14 supplies and other things. Effectively speaking if the parents  
15 would take advantage of the student loan or parent loan then  
16 there's really no practical limit or effective limit.

17 DELEGATE MERRICKS: I think it's going to be  
18 very hard for some at least to go out and get loans.

19 MR. ROOTS: From the beginning, I think it's  
20 going to be very difficult, it's going to be a burden on some  
21 families to get money for the whole thing. I'd be more inclined  
22 to go with a hybrid. You actually give a scholarship and say  
23 when you finish come back to us and try to get a job in the  
24 area and we can help fund it and I would be more inclined to  
25 go that way than I would be a total scholarship or a total loan.

1 It's going to be hard for some families to get loans totally.

2 DELEGATE MOODY: I'm a little apprehensive  
3 talking about this but I do have two children that were in the  
4 program and I think its okay to talk about it up front. I'm  
5 trying to look at it and not being biased about it. My oldest  
6 son didn't take advantage of the program and moved out of the  
7 area and four years later, he's back in the area. I think a lot of  
8 students do have a heart in Southside Virginia and want to  
9 come back and will probably be leaders running programs and  
10 try to get things going and have some development. I'm  
11 leaning toward the scholarship program. I've seen him do  
12 that. The other two are still in college and the other one just  
13 finished. I'm thinking about the part of the students that are  
14 not able to get loans and how that affects them. I'm leaning  
15 towards the full scholarship program and get out of this  
16 administrative business, go ahead and loan or use that money  
17 that you've got, instead of the loan administration, use the  
18 money for scholarships.

19 SENATOR RUFF: There seems to be a  
20 consensus, it sounds like a hybrid and it might be more  
21 preferable in the fall, the staff come back with a couple of  
22 options that we've discussed and we'll figure out something  
23 that works. Harrison I agree with you to some extent. Roots  
24 are roots. Once they establish roots somewhere else, it's hard  
25 to get them back. If we can get them back the first time, roots

1 are established to keep them here. I agree with you but I  
2 disagree with you.

3 DELEGATE MERRICKS: In talking about that  
4 Ned, when you come back with a recommendation, it doesn't  
5 help the situation we got now that you've got to work with so  
6 why don't you package those up and see if you can find  
7 somebody to sell them to. A bird in the hand is worth two in  
8 the bush. Get your name off of it and move on. You won't get  
9 your dollar for dollar but there's people that do this.

10 MR. STEPHENSON: Delegate Merricks that is  
11 on our agenda so once we cure the problem, yes, that would  
12 be the next step. Mr. Chairman, staff will take your direction  
13 and work on this and try to get the details straightened out  
14 and all of that will have to be worked out. I just want to make  
15 note and Rachel can confirm or deny there are timing issues in  
16 making this change. If you were to make a decision, say in  
17 October, it's possible that might be too late for the  
18 administrator to re-tool her shop then you might lose that year  
19 and got to wait until the next year because these things take  
20 time. So there's timing issues in doing this.

21 MR. NOYES: Our meeting is September 29<sup>th</sup>.

22 MS. THOMAS: You're talking about the  
23 following year?

24 MR. NOYES: This year will remain as it is.

25 MS. THOMAS: You're talking about 2012?

1 MR. NOYES: That's correct.

2 SENATOR RUFF: Barry you and Keith, thank  
3 you for coming, we appreciate it. Tim, I think it's your turn.

4 MR. PHOFL: Good afternoon, we'll spend the  
5 next few hours talking about this. Mr. Chairman and  
6 members of the Committee, if you'll recall at your Committee  
7 meeting last July, Hungry Mother's State Park where the  
8 Committee set a cap on financial aid proposals and  
9 community colleges for this year and the cap was set at  
10 \$350,000 per institution. There were additional follow up  
11 conversations that the \$350,000 cap may not be sufficient to  
12 take care of all the students that need assistance from us.  
13 There was a commitment to the community colleges to come  
14 back and make supplemental requests for financial aid for  
15 students that could not be served under the \$350,000 per  
16 institution grant. Based on that, staff extended an invitation  
17 to all the community colleges in the Tobacco region to submit,  
18 by April, the request for additional funding. Primarily to serve  
19 students who couldn't be served under that \$350,000 cap. I  
20 don't feel so bad that Stephanie had trouble understanding  
21 why she wouldn't want to come back to Southside as a little  
22 aside. The staff also took this opportunity to look back at the  
23 \$350,000 proposal, look at timeframes that would serve  
24 students. So we invited the community colleges to try to get  
25 on similar timeframes before the end of the spring and



1 summer semester 2012. We had three proposals submitted to  
2 us. Several of the institutes decided they would not.

3 DELEGATE JOHNSON: Mr. Chairman, I think  
4 what the staff has recommended go ahead and make a motion  
5 to approve that.

6 MR. PHOFL: We have three proposals –

7 DELEGATE JOHNSON: I don't want to steal  
8 any thunder from you but if we could agree, we could have a  
9 motion and pass it.

10 MR. PHOFL: They're all explained in front of  
11 you there and all consistent with the funding you provided in  
12 previous years. The one that stands out perhaps is Patrick  
13 Henry asking for \$350,000. They did not ask for the fall of  
14 2010. They were using the balances they had and that's why  
15 they're here now. All three of these align the colleges to their  
16 summer of 2012 timeframe.

17 DELEGATE JOHNSON: Mr. Chairman, I move  
18 that we approve the staff's recommendation.

19 DELEGATE MERRICKS: I'll second it.

20 SENATOR RUFF: Any further discussion? All  
21 those in favor say aye. (Ayes). Opposed. (No response).

22 MR. PHOFL: Mr. Chairman, one other piece of  
23 old business. In compiling our stale grant reports for the older  
24 grants that have reached a three or four year timeframe from  
25 date of Commission approval, we noticed a grant made four

1 years ago to the Washington County Public Library to  
2 construct a new library in Damascus, we contacted the library  
3 and that's grant 1229 to see if that grant of \$100,000 was still  
4 active. The project is to build a visitor center and the library  
5 in one building. Ms. Charlotte Parsons is here from the  
6 Washington County Public Library to request an extension.  
7 That grant has passed its four year anniversary. She reported  
8 the project will go out to bid within the next month or so and  
9 they're seeking an extension on grant 1229.

10 DELEGATE JOHNSON: Mr. Chairman, I move  
11 that the request be granted for an additional 12 months.

12 MS. DIYORIO: I'll second it.

13 SENATOR RUFF: Any further discussion? All  
14 those in favor say aye. (Ayes). Opposed. (No response).

15 MR. NOYES: Last year you'll recall the  
16 Committee met and we recommended \$350,000 be awarded to  
17 the community colleges. It was the amount toward the  
18 community colleges that has not officially been approved by  
19 the powers to be and that's going to be 8 to 9 percent in that  
20 range which means the \$350,000 which was the cap last year  
21 would be increased by that amount. We notified the  
22 community college of that new figure. At our meeting in  
23 September we'll actually adopt that new amount as the  
24 amount we budgeted for education. I'm just letting you know  
25 that that's what you did to make some change and planning to

1 do that for the four year schools and that range is 8.2 to 8.9  
2 percent in terms of increased tuition. That amount will be the  
3 staff recommendation for the four year programs. That's just  
4 for your information.

5 SENATOR RUFF: Thank you. Any public  
6 comment? Not hearing any, do we have a motion to adjourn,  
7 we're adjourned.

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9 PROCEEDINGS CONCLUDED

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION, Education Committee Meeting when held on Wednesday, May 18, 2011, at 1:00 o'clock p.m. at the Inn at Virginia Tech and Skelton Conference Center, in Blacksburg, Virginia.

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this 10<sup>th</sup> day of June, 2011.

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Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2014

CERTIFICATE NUMBER: 224566